

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 STR-04 AID-05

CEA-01 CIAE-00 EA-06 FRB-03 INR-07 IO-10 NEA-09

NSAE-00 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

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R 091814Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8308

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652:

TAGS: ETRD EFIN FR OECD

SUBJ: FRENCH INVESTMENT CREDIT TO STIMULATE EXPORTS.

REF: STATE 076991, PARIS 06939

1. GOF IS PREPARED TO CONSULT WITH U.S. AND OTHER
OECD MEMBERS IN THE ECONOMIC POLICY COMMITTEE, OR
SHOULD THE USG WISH TO RAISE THE MATTER OF RECENT
FRENCH MEASURES TO ASSIST CAPITAL INVESTMENT IN THE OECD
COUNCIL AGREEMENT COULD BE REACHED ON A PROCEDURE FOR
CONSULTATIONS. GOF DOES NOT AGREE THAT IT HAS REFUSED
TO CONSULT. IT REFUSES TO CONSULT IN THE TRADE
COMMITTEE, ARGUING THAT THE RECENT MEASURES (PARIS
REFTEL) ARE A RATIONING OF INTERNAL CREDIT.

2. CURRENT CREDIT CEILINGS DISCRIMINATE AGAINST
SMALL AND MEDIUM ENTERPRISES. PURPOSE OF FRENCH POLICY
IS DESCRIBED AS ONE OF INCREASING STIMULUS TO CAPITAL
INVESTMENT BY THESE FIRMS. THEY ARE EXPECTED TO
IMPROVE THEIR CAPACITY TO EXPORT AND TO DEMONSTRATE IT
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BY INCREASING THE PROPORTION OF EXPORTS TO TOTAL SALES

OVER THE NEXT FIVE YEARS. CREDITS ARE SUPPOSED TO HELP IN LONG RUN IMPROVE BASIC STRUCTURE OF FRENCH ECONOMY AND THUS EXPORT PERFORMANCE. SUCCESS OF PROGRAM CAN BE JUDGED ONLY BY RESULTS IN 1980 OR LATER. BETWEEN NOW AND THEN, IT IS ARGUED, CREDIT RATIONING WILL HAVE CEASED AND IT WILL BE IMPOSSIBLE TO ATTRIBUTE EXPORT RESULTS TO THIS PROGRAM.

3. FRENCH OFFICIALS ADMIT THAT CREDIT UNDER THIS PROGRAM HAS A LOWER COST TO THE BORROWER THAN WOULD OTHERWISE BE THE CASE, BUT THEY ARGUE THAT IT IS NOT CHEAPER THAN CREDIT AVAILABLE TO LARGE FIRMS WHICH HAVE ACCESS TO FOREIGN CREDIT OR CAN USE INTERNALLY GENERATED FUNDS. THEREFORE THEY ARGUE THERE IS NO MEASURABLE IMPACT ON THE COMPETITIVENESS OF FRENCH EXPORTS.

4. AFTER USOECD HAS COMPLETED ITS SOUNDINGS WE SHALL OFFER SOME COMMENT.

RUSH

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Message Attributes

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